



Calmentor-Southern California Alliance recognition award luncheon, February 2013. From left to right: Basem Muallem, District 8 Director; Ryan Chamberlain, District 12 Director; Beverly Windle, Mendoza & Associates; and Malcolm Dougherty, Caltrans Director.

Pairings Newsletter

Calmentor/Mentor-Protégé
Statewide Newsletter



July 2013

Malcolm Dougherty, Caltrans Director

René Halverson, Assistant Director, Office of Business & Economic Opportunity

Get to Know Your Local Representative:

Calmentor for Architectural & Engineering

North Region, Caltrans Districts 1, 2, & 3
Millard Totman
nrcalmentor@dot.ca.gov

Central Region, Districts 5, 6, 9, & 10
Diana Gong
diana_gong@dot.ca.gov

Bay Area, District 4
Romy F. Fuentes
romy_f_fuentes@dot.ca.gov

Southern California Alliance, Districts 7, 8, & 12
María Espinoza-Yepez
maria.espinoza-yepez@dot.ca.gov

San Diego & Imperial Counties, District 11
America Hernandez
america.hernandez@dot.ca.gov

Mentor-Protégé for Construction

Bay Area, District 4
Bonny Nyaga
bonny.nyaga@dot.ca.gov

Coming Soon:
Central Region, Districts 5, 6, 9, & 10
Camillo Prandini
cr_mentor_protege@dot.ca.gov

In this Issue:

Mentor-Protégé Program is About Community, p2

Bonding Requires Having Ducks in a Row, p3

Upcoming Events, p4

Useful Links:

Calmentor/Mentor Protégé Definition:

<http://www.dot.ca.gov/hq/bep/docs/definition.pdf>

Executive Order S-11-06:

<http://gov.ca.gov/news.php?id=2528>

Connect with Caltrans:

<http://www.dot.ca.gov/socialmedia/>

Caltrans Office of Business & Economic Opportunity:

<http://www.dot.ca.gov/hq/bep/>

Caltrans Office Engineer:

http://www.dot.ca.gov/hq/esc/oe/contractor_info/

Caltrans Division of Procurement & Contracts:

<http://caltrans-opac.ca.gov/>

Caltrans Local Assistance:

<http://www.dot.ca.gov/hq/localprograms/>

Other Agencies:

<http://goldengate.org/contracts/>

Mentor-Protégé Program is About Community

By María Salinas

Caltrans District 4 pioneered the Mentor-Protégé program for construction in 2006 under the leadership of Bijan Sartipi, District 4 Director. The District 4 Mentor-Protégé program began as a pilot program as part of Governor's Executive Order S-11-06 to encourage new businesses, grow existing businesses, and promote small and emerging business contracting with the state. Steve Whipple, Caltrans District 4 Construction Division Chief, recalls assigning Bonny Nyaga to lead this effort—a role Bonny has maintained—because he had not only the capability, but the qualities needed to help make the program a success. Steve forecasted: "This guy is going to make this happen." Bonny helped build the Mentor-Protégé program in District 4, currently the only functioning program for construction statewide, to its current effective state. He, along with others, would like to see it in every Caltrans district.

The Mentor-Protégé program assists contractors in managing a profitable business while improving California's critical infrastructure. Importantly, it gives protégés new knowledge about public works construction requirements and provides opportunities to network and learn from established firms. Small businesses can become more prolific by expanding marketing ingenuity and professional relationships. "Our goal from the beginning was to open the market to small businesses and prepare them to grow with the construction industry," Steve emphasized.

Miguel Galarza, president of Yerba Buena Engineering and Construction, Inc., is an archetypical example of accomplishment in the Mentor-Protégé program. Miguel, who started as a protégé to Gordon N. Ball, Inc., and currently serves as a mentor to Oliver Transbay Construction, Inc., benefitted from training and one-on-one advocacy. His business has grown from 2 employees in 2002 to 65 employees

to date, and up to 100 during busier times. As a champion for this program, Miguel understands reciprocity at an individual and communal level: "In thinking about Mentor-Protégé, I recognize that we all had advocates who helped us in our career and in our personal lives.

If we keep information and never share it, it would be a travesty, and disrespectful to the legacy of the mentors who gave to us freely."

"I am dedicated to this noble cause," says Bonny. "I gain great satisfaction when I hear a protégé say that if it weren't for Mentor-Protégé, they would not be in business. This program is a positive step for the construction industry to grow."

The Mentor-Protégé program for construction is different from the Calmentor Architectural and Engineering (A&E) mentoring program, because of the nature of the work, business, and the bidding process. Whereas A&E contracts are awarded to the best qualified proposer, construction contracts are awarded to the lowest bidder. "The two are diametrically different," says Miguel. "A good mentor will guide you in how they work on projects. And in construction, a critical component is pricing a job." Contractors risk losing money if they do not have the skills and experience to bid a job properly.

Nevertheless, both A&E and construction mentoring programs are fueled by collaboration. Hence,



Bijan Sartipi, District 4 Director (far left), and Bonny Nyaga, Program Lead-District 4 Mentor-Protégé (second from left), present certificates to Christine Williams and Tom Belcher at a Mentor-Protégé program graduation.

it is no surprise that, from the beginning, Bonny has worked in partnership with the Associated General Contractors (AGC), which boasts 70,000 members nationwide—1,000 in California—to support small businesses. Russell W. Snyder, past Regional Manager at AGC and current Executive Director at California Asphalt Pavement Association, played a critical role in the startup of the District 4 Mentor-Protégé program. Today, Bonny works closely with Kevin Rowe, AGC District Manager for the San Francisco Bay Area. "This is Construction 101," says Kevin. "Smaller contractors need support and Mentor-Protégé provides it."

This program is about industry helping industry, says Steve: "We are finding that larger contractors believe this is good for the industry because there is more variety in subcontractors and more are trained well. Some larger contractors want to give back a little, and this is not just about dollars and cents." Miguel concurs: "I want to do work which will benefit me, the protégé, and the client."

Above all, the effects of the Mentor-Protégé program on business relationships

(continued on Page 4)

Bonding Requires Having Ducks in a Row

By Scott Leslie and María Salinas

One of the most frequent roadblocks identified by small construction businesses to participate on public works projects is bonding. This is due, in large part, to the dollar-for-dollar relationship between the necessary bond amount and the value of the contract.

Bonding is a credit relationship between the surety company and the contractor. Shirley Paiva of Valley Surety Insurance Agency explains that bonding is provided "to guarantee the contractor will perform per the contract or agreement and pay their bills." The application process includes a review of the contractor's last three fiscal year-end business financial statements, along with the personal finances, credit history, and work history and experience of the owner(s); past and current business practices are also evaluated. A surety company will provide a bond to a contractor who maintains the proper financial statements that show the necessary net worth and working capital to perform; has good credit history; and the experience to perform for their bonding needs.

Unlike traditional insurance, where one pays a monthly premium which increases if there is a claim issue, bonding requires that the contractor indemnify the surety from any losses, plus attorney fees and court costs. The surety requires an indemnity agreement to be signed by the owner, partners, or the president, with the corporate secretary to attest to the president's signature. The surety may also require collateral from a contractor who does not meet their underwriting requirements, and possibly, funds control. Collateral can be in the form of cash, an irrevocable letter of credit from a bank, or a deed of trust on real estate that has sufficient equity to cover the liability.

If the contractor doesn't fulfill financial obligations related to the contract or complete the work, the surety company will find another contractor to complete the work or pay the owner to have the work completed. If the contractor does not pay subcontractors or material suppliers, or does not pay prevailing wage, the surety will pay and seek reimbursement

from the contractor per the indemnity agreement.

"Contractors need to obtain financial statements from a certified public accountant (CPA) who prepares statements for contractors," explains Shirley. Some contractors manage their own accounting and seek an accountant for tax purposes only. Shirley says it behooves contractors to utilize a good CPA at least once a year. "It costs to hire a CPA, but in the long run, it will help their business grow." Properly prepared financial statements can increase a contractor's bond capacity and possibly decrease their bond rate.

There are alternatives for contractors who do not have established credit or may have had business mishaps. The Small Business Administration bond guarantee encourages surety companies to bond small businesses who are having difficulty (<http://www.sba.gov/surety-bonds>). It is a more expensive alternative, but it offers bonding for those who are not adequately prepared. Another alternative is to start small. "Small bonds are easier to obtain," says Shirley. A surety will write a bond based on good credit up to \$250,000, and in some cases, up to \$350,000. A contractor can build their bonding capacity after becoming more established.

Additionally, the United States Department of Transportation, Small Business Transportation Resource Center (SBTRC), offers bonding education for contractors to prepare for new or increased bonding capacity. SBTRC has partnered with Caltrans, the California High Speed Rail Authority, and the Surety and Fidelity Association of America to establish and deliver a bonding education program throughout California and the nation. "By partnering with the surety industry, we are able to bring valuable resources that can help a small business get over the bonding hurdle," says Scott Leslie, SBTRC Project Director. The first series of workshops was held in Fresno in May 2013. Workshops are currently being developed for Southern California in fall 2013 and the San Francisco Bay Area in 2014.

The bonding education program has two components: the workshop phase and the bond readiness phase. The workshop phase covers important topics like construction accounting, claims and dispute resolution, marketing, access to capital, project management, estimating and bidding, and of course, bonding and insurance. In the bond readiness phase, the small business is partnered with a reputable surety bond agent to assess their business and determine a prescriptive plan to reach bonding goals. The final piece of the puzzle is bringing in the agencies that can help with contracting opportunities. This includes presentations from Caltrans, the California High Speed Rail Authority, city representatives, and others.

For more information about the bonding education program, contact Scott Leslie at the SBTRC-Southwest office at bonding@calasiancc.org or (916) 443-5957, or María Salinas, Caltrans' Statewide Bonding Education Coordinator, at maria_salinas@dot.ca.gov or (916) 324-0989.



Bulletin Board



Continued from Page 2:

in the construction industry endure.

"Mentor-protégé official pairings last up to two years before graduation, but relationships often go on indefinitely. Often times, mentors and protégés contact each other regularly to bounce ideas off each other," says Kevin.

"On a personal level," says Miguel Galarza, "mentoring the next generation is part of being in society." Steve agrees: "The community needs this; they feel it's the right thing to do."

.....

Stay posted for a new Mentor-Protégé program coming to the Central Region, covering Districts 5, 6, 9, and 10. For more information, or to become a mentor or protégé in the Central Region, contact cr_mentor_protege@dot.ca.gov.

For individuals with sensory disabilities, this document is available in alternative formats, including Braille, large print, audiocassette, or computer disc. To obtain a copy in one of these formats, please send your request to: maria_salinas@dot.ca.gov.

Calmentor Events

Central Region Calmentor

July 16, 2013, Fresno, CA

Workshop (How to Prepare SF330 Résumés) & Quarterly Meeting

The Central Region A&E Calmentor Program is hosting two mixers. The intent of both meetings will be for Caltrans to partner with local A&E firms and large and small businesses.

October 1, 2013, Stockton, CA

Mixer

October 15, 2013, Fresno, CA

Workshop (Accounting—Determining your OH/G&A/Fringes) & Mixer

Central Region Save the Date: January 21, 2014, Fresno, CA

Quarterly Meeting & Workshop (Mechanisms of the Cost Proposal)

Information: diana_gong@dot.ca.gov

Other Community Events

District 3 Pre-Bid Meetings Design-Build Bridge Deck Rehabilitation 03-2F21U4

Mandatory Pre-bid Meeting
Sacramento River Viaduct and
West End Viaduct Bridge Deck
Rehabilitation #03-2F21U4
Thursday, August 29th 10:00-noon
West Sacramento City Hall
1110 West Capitol Avenue
West Sacramento, CA 95691

**Three District 3 Roadway
projects** will combine for a
Mandatory Pre-bid meeting
September 2013

Information: (530) 741-4222 or
liza_whitmore@dot.ca.gov

Bonding Education

The United States Department of Transportation's Small Business Transportation Resource Center, in collaboration with Caltrans, is presenting a bonding education workshop series. Service providers and bond producers (one/one meetings for individual analysis) will be available to assist in improving companies' operations and increase bonding capacity. Project management, construction accounting, estimating, bidding, and more. Learn to do business with local, state, and federal transportation agencies, including public works. Information: (916) 324-0989 or maria_salinas@dot.ca.gov.

"The power that individuals have, to make a difference, is in empowering others . . ." -Ben Rattray, Founder and CEO, Change.org